

Message Text

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SUBJ: ISSUES EXPECTED TO ARISE IN MEETING OF PREPARATORY COMMISSION
OF INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, SEPTEMBER
27-30

REF: (A) ROME 13915 (B) WINDER- NORRED TELCON AUGUST 26

SUMMARY: IN RESPONSE TO REQUEST OF WINDER (EB/IFD/ODF), U.S.
REPRESENTATIVE TO FAO EXPLORED IN MORE DETAIL WITH ASSISTANT TO
EXECUTIVE DIRECTOR OF WORLD FOOD COUNCIL ALAIN VIDAL-NAQUET, WHO
HAD RETURNED TO ROME ONLY AUGUST 26, AND AGAIN WITH ASSISTANT
EXECUTIVE DIRECTOR HARRY WALTERS QUESTIONS EXPECTED TO ARISE
IN APPROACHING MEETING OF PREPARATORY COMMISSION OF INTERNATIONAL
FUND FOR AGRICULTURAL DEVELOPMENT SEPTEMBER 27-30, 1976. THE
MAIN QUESTION, DISCUSSED IN REF A, IS WHETHER THERE WILL BE
SUFFICIENT AGREEMENT ON THE LOWER-THAN-ONE-BILLION DOLLAR LEVEL AND ON

THE EXISTING OR PROSPECTIVE DISTRIBUTION OF CONTRIBUTIONS
BETWEEN OECD AND OPEC COUNTRIES FOR THE PREPARATORY COMMISSION
TO PROCEED WITH EFFORT AND EXPENDITURES TO ESTABLISH THE FUND,
OR IF THERE IS NOT SUFFICIENT AGREEMENT, WHETHER AND WHEN THE
PREPARATORY COMMISSION SHOULD CONVENE ANOTHER MEETING OF PLINI-
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POTENTARIES.HA SECOND MAIN QUESTION WILL BE THE SELECTION OF A

CHAIRMAN FOR THE PREPARATORY COMMISSION, TO OVERSEE THE PREPARATORY WORK, LARGELY DRAFTING OF RULES OF PROCEDURES FOR THE EXECUTIVE BOARD AND GOVERNING COUNCIL OF THE FUND. THIS HAS BECOME AN ISSUE BECAUSE OF THE REPORTED RELUCTANCE OF SHIHATS OF KUWAIT, EXPECTED MAIN CONTENDER FOR THE POST OF PRESIDENT OF IFAD, TO TAKE ON THE POST OF CHAIRMAN OF THE PREPARATORY COMMISSION, AND HIS REPORTED OPPOSITION TO IT BEING GIVEN TO SUDEARY OF SAUDI ARABIA. DRAFTING OF RULES OF PROCEDURE SHOULD NOT BE CONTROVERSIAL ISSUE. FUTURE OF FUND ISSUE RAISES PROBLEMS IN CONSULTATION PROCEDURES BEFORE AND DURING THE PREPARATORY COMMISSION MEETING. WE RECOMMEND AN OECD CONSULTATIVE MEETING IN PARIS WELL IN ADVANCE OF PREPARATORY COMMISSION MEETING, PRECEDED BY TALKS WITH SHIHATA OF KUWAIT IN VIENNA AND TELEGRAPHIC CONSULTATIONS WITH SAUDI ARABIA. WE OPPOSE CONSULTATIONS BY PERMANENT REPRESENTATIVES HERE EXCEPT AS AUTHORIZED BY GOVERNMENTS ON IFAD MATTERS ONLY. IRAN'S CANDIDACY FOR LOCATION FOR THE FUND MAY ALSO COME UP, IN THE CORRIDORS IF NOT IN THE MEETING. END SUMMARY.

1. LEVEL OF CONTRIBUTIONS AND THEIR BALANCE BETWEEN OECD AND OPEC. THE CONTRIBUTIONS OFFERED BY CATEGORIES I AND II OF IFAD HAVE FALLEN SHORT OF THE TARGET OF \$1 BILLION, AND ALTHOUGH THE OECD COUNTRIES OF CATEGORY I HAVE EXCEEDED THE \$500 MILLION ASSIGNED TO THEM, THE OPEC COUNTRIES OF CATEGORY II HAVE OFFERED ONLY \$400 MILLION AND HAVE CONDITIONED THIS ON CATEGORY K'S INCREASING ITS CONTRIBUTION TO \$600 MILLION, TO BRING THE TOTAL TO THE \$1 BILLION TARGET. GOVERNMENTS SHOULD DECIDE EITHER BEFOREHAND OR IN THE MEETING OF THE PREPARATORY COMMISSION WHETHER OR NOT TO PROCEED WITH THE FORMATION OF IFAD. WORLD FOOD COUNCIL SECRETARIAT HOPES THAT ALL INVOLVED WILL AGREE TO PROCEEDING WITH IFAD ON THE BASIS OF WHAT IS NOW PLEDGED. (COMMENT: U.S. REPRESENTATIVE TO FAO RECOMMENDS THIS, TO MAINTAIN MOMENTUM OF U.S. INITIATIVES IN WORLD FOOD CONFERENCES, AND TO AVOID RECRIMINATIONS BY DEVELOPING COUNTRIES IF SMALL SHORT-FALL TERMINATES EFFORTS.) THIS ISSUE INVOLVES BY-PLAY BETWEEN OECD AND OPEC COUNTRIES. WILL OPEC COUNTRIES INSIST ON 6-4 PROPORTIONS, WHICH ARE PROBABLY UNACCEPTABLE TO OECD COUNTRIES? WILL SEVERAL OF THE OECD COUNTRIES, WHOSE PLEDGES WERE TIED TO ROUGHLY EQUAL OPEC-OECD CONTRIBUTIONS, INSIST ON REDUCING THEIR EXISTING PLEDGES PROPORTIONALLY TO THE OPEC \$100 MILLION SHORT-FALL, WHICH WOULD INCREASE THE POSSIBILITY OF OPEC'S REJECTING THE IFAD PLAN? THESE QUESTIONS WILL HAVE TO LIMITED OFFICIAL USE

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BE RESOLVED IN THE PREPARATORY COMMISSION MEETING, AND POSSIBLY A TIME SET FOR ANOTHER PLENIPOTENTIARY MEETING TO ESTABLISH IFAD.

2. CHAIRMANSHIP OF THE PREPARATORY COMMISSION. SHIHATA OF KUWAIT, WHO HAS BEEN RATED AS TOP CANDIDATE FOR IFAD PRESIDENT, REPORTEDLY WOULD BE RELUCTANT TO ACCEPT CHAIRMANSHIP OF PREPARATORY COMMISSION. (COMMENT: ULTIMATE SOURCE OF THIS IS WORKING LEVEL GOSSIP, AND INFORMATION MAY NOT BE RELIABLE. THIS IS SAID TO BE ATTRIBUTABLE

TO FEAR THAT THE 6-4 PROPOSAL OF OPEC WILL ANTAGONIZE OECD COUNTRIES. U.S. REPRESENTATIVE POINTED OUT THAT THIS ISSUE MAY ALSO MAKE SHIHATA'S POSITION AWKWARD WITH OPEC COUNTRIES IF HE WERE TO ACCEPT CHAIRMANSHIP OF PREPARATORY COMMISSION. SHIHATA'S REPORTED ATTITUDE, OF COURSE, ALSO HAS SOME IMPLICATIONS FOR HIS CANDIDACY FOR PRESIDENT OF IFAD.) SAUDI ARABIAN PERMANENT REPRESENTATIVE TO FAO SUDEARY, WHO WAS LEADING OPEC COLLABORATOR IN 1975 IFAD MEETINGS, HAS BEEN SUGGESTED AS CANDIDATE FOR CHAIRMAN BY FAO DIRECTOR-GENERAL SAOUMA. VIDAL-NAQUET SEEMED TO FEAR THAT SUDEARY COULD BE SAOUMA'S INSTRUMENT FOR INCREASED FAO INFLUENCE IN IFAD. U.S. REPRESENTATIVE COMMENTED THAT IN VIEW OF SAUDI ARABIA'S BACKING OF SAOUMA'S CANDIDACY IN 1975, IT COULD AS EASILY BE ASSUMED THAT SUDEARY WOULD CONTRL SAOUMA AS THAT SAOUMA WOULD CONTROL SUDEARY, BUT NEITHER WAS PROBABLY TRUE. U.S. REPRESENTATIVE NOTED THAT SUDEARY DOES HAVE SOME BANKING BACKGROUND. VIDAL-NAQUET SAID THAT SHIHATA OF KUWAIT REPORTEDLY OPPOSES SUDEARY (PRESUMABLY BECAUSE OF HIS PERSONAL RIVALRY WITHIN OPEC GROUP, WHICH COULD AFFECT SHIHATA'S CANDIDACY FOR PRESIDENT OF IFAD). VIDAL-NAQUET SAID SWEDEN HAS BEEN SUGGESTED. U.S. REPRESENTATIVE COMMENTED ON PERSONAL BASIS THAT SWEDEN HAD BEEN OUTSPOKEN IN SUPPORT OF ONE-COUNTRY-ONE-VOTE PRINCIPLE WHICH HAD BEEN REJECTED BY BOTH OECD AND OPEC CATEGORIES AND FINALLY ABANDONED BY CATEGORY III, AND THIS POINT COULD PHILOSOPHICALLY CREATE DIFFICULTIES IN OPERATION OF PREPARATORY COMMISSION. SENATOR MEDICI OF HOST COUNTRY ITALY WOULD, OF COURSE, ALWAYS BE AVAILABLE, BUT U.S. REPRESENTATIVE QUESTIONED WHETHER HE WOULD BE LIKELY TO SHOW NECESSARY FORCE AND ENERGY TO OVERSEE PREPARATIONS OF AFAD ESTABLISHMENT (OTHER THAN TO RELY ON WFC SECRETARIAT, WHICH IN PAST HAS NOT BEEN EFFECTIVE IN FOLLOWING THROUGH ON SUCH MATTERS.) IN SEPARATE CONVERSATION, DEPARTING INDIAN PERMANENT REPRESENTATIVE SAID THAT SEVERAL DEVELOPING COUNTRIES WERE INCLINED TOWARD UK PERMANENT REPRESENTATIVE LANDYMORE. (COMMENT: IF CONTINUING LIMITED OFFICIAL USE

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OVERSIGHT OF PREPARATIONS BY CHAIRMAN IS DESIRED, LANDYMORE WOULD BE ON HAND AS REPRESENTATIVE HERE. AMONG OECD REPRESENTATIVES HERE, HE IS ONLY ONE WITH SUBSTANTIAL BANK OR FUND EXPERIENCE -- HIS ASSIGNMENT TO ASIAN DEVELOPMENT BANK BETWEEN HIS TWO ASSIGNMENTS HERE. HE IS WELL, AND WE BELIEVE FAVORABLY, KNOWN TO WASHINGTON AGENCIES. THERE MIGHT BE A LEGAL IMPEDIMENT IN FACT THAT UK IS ONLY AN ALTERNATE MEMBER OF COMMISSION, AND IN ANY EVENT HIS GOVERNMENT WOULD HAVE TO BE CONSULTED BEFOREHAND.)

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4. CONSULTATIONS AMONG GOVERNMENTS. THE UNITED STATES CONDUCTED TELEGRAPHIC CONSULTATIONS SOME TIME AGO, AND THE UNITED KINGDOM SUBSEQUENT TO THE LATER OPEC REASSERTION OF ITS POSITION IS CONDUCTING ANOTHER ROUND. WE BELIEVE THESE TELEGRAPHIC CONSULTATIONS PROBABLY WILL NOT BE ADEQUATE TO DEFINE OECD POSITIONS, AND RECOMMEND ANOTHER CONSULTATIVE MEETING OF OECD REPRESENTATIVES BEFORE THE PREPARATORY MEETING. WE SUGGEST THAT THIS CONSULTATIVE MEETING BE HELD IN PARIS AND THAT IT BE HELD SOME TIME IN ADVANCE OF THE PREPARATORY MEETING, TO ALLOW TIME FOR FURTHER CONSULTATIONS. IT WOULD BE HIGHLY DESIRABLE, IN OUR OPINION TO CONSULT AT LEAST TELEGRAPHICALLY WITH THE SAUDI ARABIAN GOVERNMENT AND IF POSSIBLE TO HAVE SOME ONE FROM WASHINGTON VISIT SHIHATS IN VIENNA BEFORE THE OECD CONSULTATIVE MEETING. THESE ARE SOMEWHAT UNUSUAL IN EXTENT FOR CONSULTATION PROPOSALS, WE REALIZE, BUT WE BELIEVE SUCH STEPS MAY WELL BE NECESSARY TO ENSURE PROGRESS IN THE PREPARATORY COMMISSION MEETING.

5. NOTE ON CONSULTATIONS IN ROME. U.S. REPRESENTATIVE TO FAO AND MANY OF HIS COLLEAGUES HERE HAVE ALWAYS BELIEVED THAT CONSULTATIONS FOR IFAD MEETINGS SHOULD BASICALLY BE BY REPRESENTATIVES AND TECHNICAL EXPERTS FROM CAPITALS. ONLY LANDYMORE OF UK AONG OECD REPRESENTATIVES IN ROME HAS ANY LIMITED OFFICIAL USE

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SUBSTANTIAL EXPERIENCE IN BANK OF FUND OPERATIONS. WHILE FUNCTIONS OF PERMANENT REPRESENTATIVES INVOLVE INFORMAL AD HOC CONSULTATIONS ON ALL TYPES OF SUBJECTS WITH MANY COLLEAGUES HERE, WE BELIEVE UNITED STATES AND MOST OECD COUNTRIES ARE OPPOSED TO INSTITUTIONALIZED GROUP DIPLOMACY HERE IN ROME. HISTORY HERE IS THAT GENEVA GROUP, WITH LIMITED FAO BUDGET AND PROGRAM FUNCTION, WAS ONLY DEVELOPED COUNTRY GROUP HERE UNTIL WORLD FOOD CONFERENCE OPERATED ON GROUP B BASIS. THIS WAS LATER CHANGED TO OECD BASIS. WITHOUT AUTHORIZATION FROM CAPITALS, LOCAL PRO TEMPORE CHAIRMAN OF OECD GROUP (TUINMAN OF NETHERLANDS, WHO HAS NOW RETIRED) PRESSED TO SUSTAIN OECD GROUP AND TO USE GROUP FOR DIVERSE NEGOTIATIONS WITH WORLD FOOD COUNCIL AND IFAD, WHICH HAS DONE IN PART WITHOUT KNOWLEDGE OF GROUP AS WHOLE AND WHICH WE BELIEVE IS NOT DESIRED BY GOVERNMENTS. WORLD FOOD COUNCIL IS NOW SEEKING TO HAVE FURTHER NEGOTIATIONS ON IFAD WITH OECD GROUP IN ROME. U.S. REPRESENTATIVE, WHO HAS BEEN ONLY ONE OF THEM ON DUTY RECENTLY, OTHER THAN NEW ARRIVALS HAS TOLD THEM GROUP WAS NEVER FORMAL GROUP AND NOW HAS NO CHAIRMAN. UNLESS INSTRUCTED TO CONTRARY, HE INTENDS TO OPPOSE RENEWAL OF GROUP'S ACTIVITIES. U.S. REPRESENTATIVE PROPOSES INSTEAD THAT SINCE GROUP CONSULTATION WILL NECESSARILY BE INVOLVED IN IFAD, AS OPPOSED TO FAO AND WORLD FOOD COUNCIL, OECD CONSULTATIVE MEETING OF REPRESENTATIVES FROM CAPITALS DIRECT ESTABLISHMENT OF CATEGORY I CONSULTATIVE GROUP, TO BE REPRESENTED BETWEEN MEETINGS BY REPRESENTATIVES OF THOSE COUNTRIES IN ROME. IT WOULD BE PREFERABLE THAT SUCH OECD CONSULTATIVE MEETING DESIGNATE CHAIRMAN OF INTERIM ROME GROUP. SINCE LANDYMORE OF UK IS CO-CHAIRMAN OF GENEVA GROUP, U.S. REPRESENTATIVE SUGGESTS AS POSSIBILITY PAUL ALPEN OF AUSTRALIA, WHO HAD BEEN EFFECTIVE VICE-CHAIRMAN OF IFAD MEETINGS.

6. NOTE ON SCHEDULES OF WORK IN ROME. BECAUSE OF CONFERENCE SCHEDULES THAT CONTINUED UNTIL END OF JULY, ALMOST ALL OECD COUNTRY REPRESENTATIVES IN ROME HAVE BEEN AWAY THROUGHOUT AUGUST. A FEW ARE RETURNING TO WORK DURING THIS WEEK: E. G. LANDYMORE OF UK, WIGHTMAN OF CANADA, AND ALPEN OF AUSTRALIA. LIEBER OF GERMANY AND MANY OTHERS WILL NOT BE BACK UNTIL MID-SEPTEMBER. IN WORLD FOOD COUNCIL, EXECUTIVE DIRECTOR JOHN HANNAH IS STILL AWAY, AND WILL NOT RETURN TO ROME UNTIL MID-SEPTEMBER: HE IS EXPECTED TO BE IN HIS OFFICE IN NEW YORK, HOWEVER, THE WEEK BEGINNING SEPTEMBER 6. DEPUTY EXECUTIVE DIRECTOR SARTAJ AZIZ WILL RETURN TO ROME SEPTEMBER 6. ASSISTANT EXECUTIVE DIRECTOR LIMITED OFFICIAL USE

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HARRY WALTERS REMAINS ABOARD IN ROME. SPECIAL ASSISTANT TO EXECUTIVE DIRECTOR ALAIN VIDAL-NAQUET RETURNED TO ROME AUGUST 26, AND WILL BE IN WASHINGTON AT A UN INFORMATION MEETING THE WEEK OF SEPTEMBER 6.

7. IRANIAN CANDIDACY FOR SITE OF IFAD. VIDAL-NAQUET OF WFC ASKED WHETHER U.S. HAS POSITION ON IRANIAN CANDIDACY AS SITE

FOR IFAD. U.S. REPRESENTATIVE SAID HE KNEW OF NO U.S.
RESPONSE THUS FAR TO IRANIAN REPRESENTATIONS, AND EXPRESSED
PERSONAL VIEW, THAT IRAN SHOULD FIRST OBTAIN ENDORESEMENT OF OPEC
COUNTRIES AT LEAST. VIDAL-NAQUET SAID HE UNDERSTANDS IRAN
IS NOW TRYING TO DO THIS.BEAUDRY

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